(a) the steps National Stock Exchange (NSE) has taken to control the steep fall in index which has gone down to almost 8000 points in the first week of December, 2008;

(b) the reasons for which NSE has licensed of Nifty to Singapore Exchange Limited (SGX) to run it on Singapore Exchange and the term and conditions thereof; and

(c) the steps which have been taken so far to rationalize the affect of volume shifting to Singapore?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Movements in the Sensex and Nifty are an outcome of perceptions of the investors – domestic and overseas, retail and institutional – about the economy, the sector and the company. This perception is influenced by many factors including the macro-economic environment, the growth potential of the economy, policy credibility of the government, corporate performance, domestic and international events and market sentiments.

The Exchanges and the regulators do not try to manage or control market movements. Their endeavour is to build systems and practices and deepen and broaden markets which can withstand volatility. They have put in place systems and practices to promote a safe, transparent and efficient market and to protect market integrity. The systems instituted include advanced risk management mechanisms comprising on-line monitoring and surveillance, various limits on positions, margin requirements, circuit filters, etc. Measures taken to broaden and deepen markets include: screen based trading system, dematerialization of securities, corporatization and demutualization of exchanges, settlement through clearing corporation, trading in derivatives, etc.

(b) NSE has informed that in order to make the S and P CNX NIFTY Index well accepted in global markets and to facilitate trading of domestic index on the global markets, India Index Services and Products Ltd., (IISL), a joint venture between National Stock Exchange and CRISIL Limited has licensed S and P CNX NIFTY to Singapore Exchange Ltd. (SGX)

As per the conditions of licensing, SGX has the right to list and offer for trading, futures and options contracts based on S and P CNX NIFTY on a non-exclusive basis.

(c) The steps taken to rationalize the affect of volume shifting to Singapore include removal of restrictions on issuance of Overseas Derivate Instruments in October, 2008, permission for cross margining facility across Cash and Derivates segment for the institutional segment in May, 2008 and further extension of cross margining to all participants in December, 2008 which further covers index future positions also.

Indian banks affected by financial crisis in the USA

2403. SHRI RAJKUMAR DHOOT:
SHRI RAHUL BAJAJ:

Will the PRIME MINISTER be pleased to state the exposure of Indian Banks of their overseas subsidiaries to the crisis ridden financial institutions in the United States of America (USA)?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): In the light of recent developments relating to failure of some large financial institutions in USA and Europe, Reserve Bank of India (RBI) has undertaken an assessment of the exposure of major Indian banks to these entities as on 30th September, 2008. The assessment covered 37 banks' exposure, in fund and non-fund based terms, to the five entities *viz* Wachovia Corpn., Washington Mutual, AIG, Fortis and Lehman Brothers as also the provision made by the banks so far against such exposures. The total exposure of the banks to these five entities aggregated USD 1079.80 million comprising of USD 445.60 Million of fund based exposure and USD 634.20 million of non-fund based exposure. The exposures mainly consisted of derivative transaction (notional principal), investments, nostro balances, bank guarantees, forex exposures, etc. As on 30th September, 2008, the concerned Indian banks have, put together, made an aggregate provision of USD 47.30 million on these exposures.

Linking of PF accounts

2404. SHRIMATI T. RATNA BAI: Will the PRIME MINISTER be pleased to state:

(a) whether all the Provident Fund (PF) accounts would be linked to an all-India network and operations would be from a nodal centre using the core banking principles;

(b) if so, the details thereof; and

(c) how it would be practically useful to the PF subscribers?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) Employees' Provident Fund Organisation (EPFO) is working on its modernization project on collaboration with National Informatics Centre (NIC). Initially, the new software application, that is presently under development would function in a decentralized fashion. After stabilization of the new software, consolidation of data and providing services in centralized fashion would be taken up. After data is consolidated and service delivery centralized, the subscribers would be in a position to access service on real time basis.

Protection of investments in share market

†2405. SHRI AJAY SINGH CHAUTALA: Will the PRIME MINISTER be pleased to state:

(a) the measures adopted to protect the investments made by Foreign Institutional Investors (FIIs) and small investors in Indian share market;

(b) whether Government would consider to set up a long term mechanism in this regard; and

(c) if so, by when this will be set up?

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†Original notice of the question was received in Hindi.